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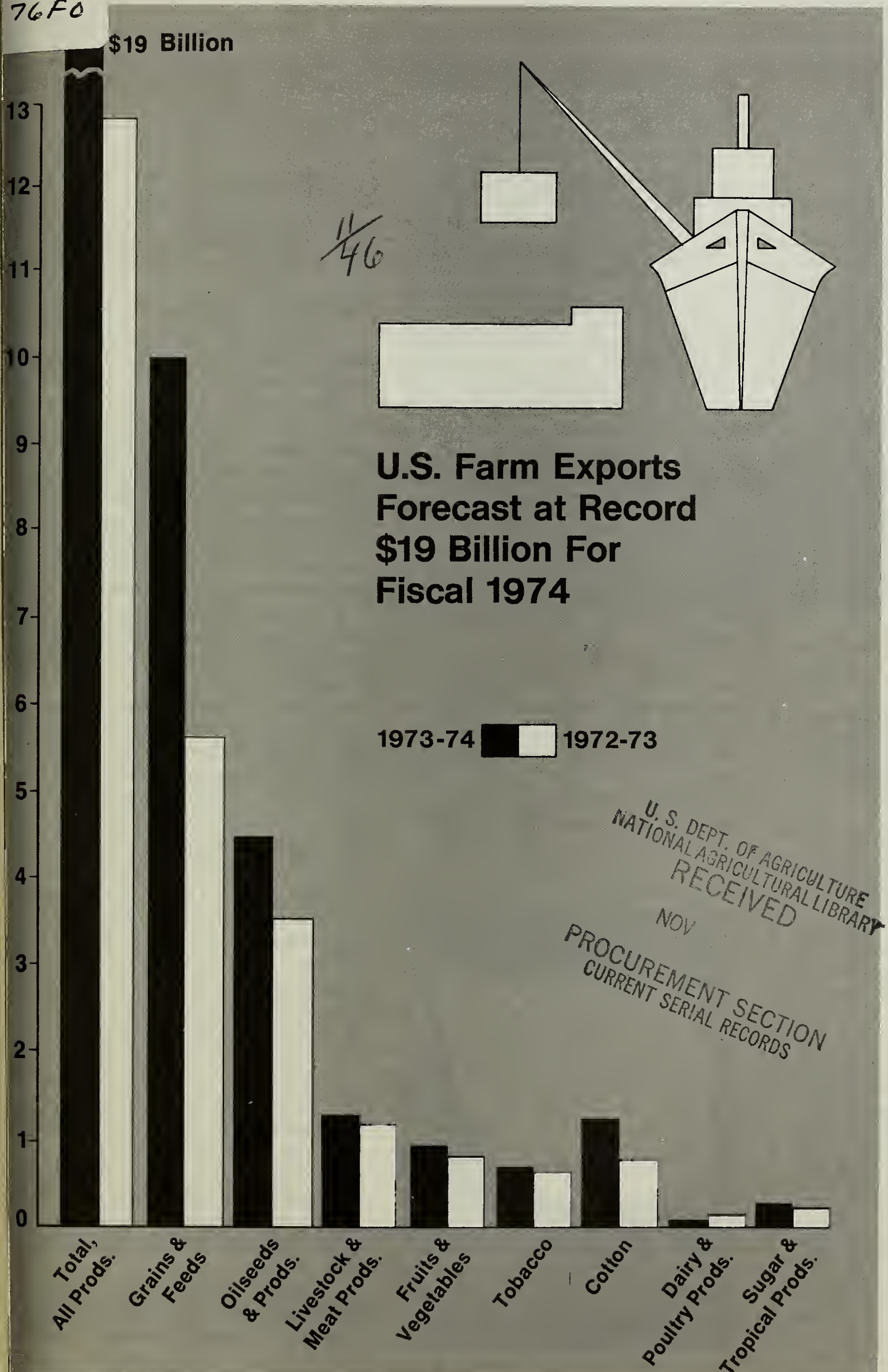

U.S. Farm Exports Forecast at Record $19 Billion For Fiscal 1974

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This week's cover:

Grains, soybeans, and cotton are expected to lead U.S. farm exports to a record $19 billion in fiscal 1974. The cover chart compares this year's expected export totals with those of fiscal 1973. Article begins on this page.

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U.S. Farm Exports Forecast At Record $19 Billion in 1974

Exports of U.S. agricultural products in the current fiscal year ending next June 30, 1974 are expected to total nearly $19 billion, about $6 billion above the previous record of $12.9 billion reported last fiscal year.

According to the U.S. Department of Agriculture, agriculture's contribution to the U.S. trade balance also will be at an alltime high of around $10 billion compared with $5.6 billion last year. This substantially increased contribution could return the United States to a favorable overall trade balance in 1973-74 from the $3.5 billion deficit of a year earlier.

Most of the increase in the value of farm exports will stem from higher prices, especially for wheat, feedgrains, rice, soybeans, soybean meal, cotton, and some horticultural products: the overall volume of exports this year is expected to exceed last year's record of 92 million metric tons, by about 2 million tons.

The rise in U.S. farm exports this fiscal year will be the fifth consecutive annual increase from a level of $5.7 billion in 1968-69. Commercial sales will have increased by almost four times during this period.

Although higher prices account for almost all of the expected increase during the current year, many other forces that will play a prominent role include:

- A very tight world grain supply situation.
- Continuing rapid improvement in world economic conditions.
- Expansion of trade with the USSR and the People's Republic of China.
- Realinement of currencies in past years.
- The availability of U.S. supplies and the capability to move large quantities of grains and oilseeds into the international market.

Grain and feed exports are expected to reach $10 billion, or over half of the total value of farm exports. Nearly all of the increase in the value of grain sales can be attributed to higher prices. The quantity of U.S. wheat exported in 1973-74 is estimated to be slightly below last year's record levels; feedgrain shipments will be up about 6 percent.

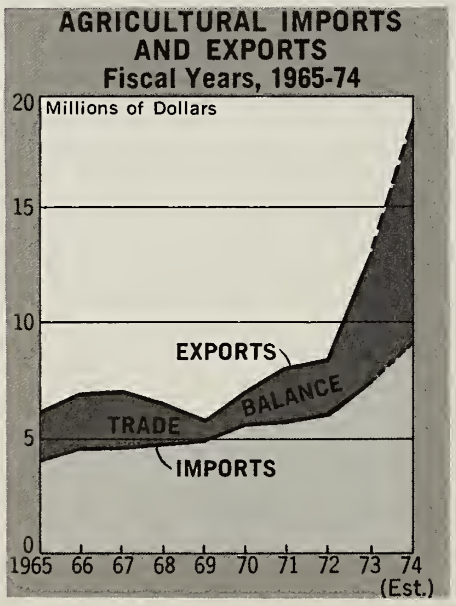
Exports of rice are expected to be up about 2 percent and export prices are likely to be more than double last year's average.

Oilseeds and products shipments will reach about $4.5 billion in FY 1974, or nearly a quarter of the total value of agricultural exports. Higher prices will account for most of the rise in value; volume will be near last year's level.

Cotton exports during the current fiscal year are expected to be over a million bales more than the 4.7 million bales of a year earlier. Increased foreign consumption is causing foreign buyers to turn to the United States for a larger share of their cotton needs. In addition, cotton exports to the People's Republic of China (PRC) are expected to hit an alltime record of around 750,000 bales.

Livestock and meat product exports, the fourth largest money earner among farm products, should remain at about the same value and volume levels as those attained last year. Shipments should total $1.2 billion, with small increases in the volume of beef, tallow, and hides being offset by a drop in lard sales.

Exports of fruits and vegetables should expand sharply in FY 1974, with a value approaching $1 billion. Tobacco



sales are expected to increase slightly, to about $660 million. Dairy exports may decline sharply while poultry export forecasts show an increase of about 20 percent. Exports of sugar and tropical products probably will increase modestly to about $250 million.

Japan, the top single country market for U.S. farm products, probably will take a record of over $3 billion worth this fiscal year with major gains in wheat, feedgrains, fresh fruits, cotton, and tobacco. Again, as with the total, much of the increase will stem from higher prices. Exports to other South and Southeast Asian countries also are expected to show a substantial rise and total over $2.8 billion. Higher prices and a large volume of feedgrains and wheat will account for most of the $1 billion gain.

Exports to Western Europe are expected to total about $6 billion, up sharply from $4.5 billion last year. Higher prices for grains, soybeans, and soybean products will account for most of the increase. But advances also are expected for fruits and cotton. Exports to Eastern Europe are expected to hit nearly $600 million to $700 million—up from $454 million a year earlier. Gains are expected in wheat, soybeans, soybean meal, and cotton.

Shipments to the USSR should decline from last year's level of almost $1 billion because of the very favorable outturn of this year's crop. While grain purchases from the United States seem reasonably firm at about 8 million tons, sales of soybeans are uncertain as the Soviet Union has harvested record crops of sunflowerseed and cotton. Therefore, exports probaby will total around $700 million; but higher if the USSR again purchases soybeans.

The PRC may purchase over $1 billion worth of U.S. farm products in fiscal 1973-74. The rise will stem mainly from increased purchases of wheat, cotton, and soybeans, but feedgrain sales also are expected to be well over last year's 841,000-ton level.

Exports of U.S. farm products to Latin America are likely to rise to around $1.8 billion in 1973-74, from about $1.1 billion last year. Most of the increases in exports to Latin America are in wheat, feedgrains, soybeans, and soybean products. Wheat exports may total over 5 million metric tons compared with 4.2 million last year and feedgrains, over 2.5 million tons compared with 2.1 million a year earlier.

Workmen unload grain—the No. 1 U.S. export—directly into transit sheds. This year U.S. exports of grains are expected to reach a record $10 billion.

Exports to Canada will total well over $900 million in FY 1973-74 compared with $825 million in 1972-73. The increase primarily will be in horticultural products, live animals, and cotton.

U.S. farm sales to Africa are expected to total about $750 million in 1973-74, more than double the level of $349 million in the past year. Most of the increase is expected in grains, especially wheat and wheat products, which are expected to total somewhat above a year earlier. In addition, the United States expects to ship more rice and feedgrains. African import requirements of grains and feeds have increased sharply in the past year because of greatly reduced production from drought in many parts of the continent.

Exports to West Asia are expected to total slightly over $880 million in FY 1973-74 more than one and a half times greater than a year earlier. Again grains and preparations are the major gainers in 1974. However, West Asia also is a growing market for U.S. soybeans, oilcake and meal, and vegetable oils. Moreover, it takes substantial quantities of U.S. prepared fruits and vegetables, nuts, and animal products.

Sharply higher prices and selected volume growth are expected to raise U.S. farm imports to a record $8.9 billion, well above the $7.3-billion mark set in 1972-73. Price increases will account for perhaps three-fourths of the gain. Farm product imports, which compete directly or indirectly with domestic items, may reach about $5.8 billion or nearly one-fourth higher than fiscal 1973's $4.7-billion level. Part of the increase in competitive commodities is expected to result from rising volume, principally in dairy products, meat, fruits, vegetables, wines, and tobacco. A large part, however, will be attributable to price effects. For noncompetitive items—largely tropical products—price increases will account for nearly all of the anticipated increase to $3.1 billion over fiscal 1973's $2.6 billion. A few may expand in volume such as bananas, processed coffee, tea, and carpet wool, but these could be offset by volume reductions for green coffee, cocoa beans, crude rubber, and spices.

Pakistan and Bangladesh Adjust To Changing Tobacco Industry

By DAN STEVENS
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4-5,

THE TOBACCO INDUSTRY in both Pakistan and Bangladesh has changed dramatically since December 1971. Before that date, tobacco production was almost entirely consumed domestically within East and West Pakistan and imports were limited to about 1 million pounds of U.S. leaf annually. The market for U.S. leaf tobacco has shifted now to Bangladesh (formerly East Pakistan) but Pakistan (West Pakistan) may resume its U.S. imports when markets have been developed for its surplus tobacco.

Although East and West Pakistan's tobacco industry was somewhat insulated from world trade, internal trade was extensive with an annual flow of from 40-45 million pounds of leaf tobacco from West to East. Only in the years just prior to the break did the East become self-sufficient in cigarette manufacture. Before that 1-1.5 billion cigarettes were shipped annually from West to East. In addition, a considerable flow of bidi leaves (a tree leaf used as the wrapper for a low-quality cigarette) came into West Pakistan from India and East Pakistan.

Bangladesh does not possess the comparative advantage in leaf tobacco production found in Pakistan. In 1970, for example, the West produced 257 million pounds on 149,000 acres, yielding 1,724 pounds per acre, compared with 91 million pounds produced in the East on 113,000 acres, yielding only 805 pounds per acre. This was less than half the yield in the West. In the North West Frontier Province, which produces two-thirds of Pakistan's total production, the average yield in 1970 was 2,312 pounds per acre. Almost all the Virginia flue-cured tobacco also was produced in the West.

Pakistan's exports, although greater than imports, were never really significant until the last few years, primarily because of the fierce competition from other Far Eastern countries such as India and Thailand. However, immediately following the division, Pakistan faced a major problem in disposing of 40 million pounds of surplus tobacco, most of which was flue-cured.

Intensive selling efforts, aided by the devalued Pakistani rupee[2], succeeded in increasing 1972 exports by 71 percent to 15 million pounds, with about 13 million pounds coming from stocks. Flue-cured production also was cut back from 75 million pounds in 1971 to 23.5 million pounds in 1972. Consumption of another 12-15 million pounds of the surplus flue-cured during 1972 resulted in further stock depletion. The remainder of the surplus is expected to be consumed by the end of 1973.

Production of flue-cured tobacco in Pakistan is expected to recover somewhat in 1973 to around 35 million pounds. After 1973, production is expected to stabilize at between 40-45 million pounds. Domestic use is placed at 30-35 million pounds and the remainder will be available for export. Some sources believe the export market will increase significantly in the next few years due to Pakistan's competitive price, the world tobacco shortage, and the improving quality of its tobacco.

Another effect of the division that is significant to U.S. trade was the almost complete elimination of Pakistani leaf imports—from 909,400 pounds in 1971 to about 500,000 pounds in 1972, and are expected to be almost nonexistent in 1973 primarily due to the continuing surplus tobacco. In addition, the Government of Pakistan now places a higher priority on P.L. 480 wheat and edible oil than tobacco and is reluctant to issue licenses for hard currency imports such as tobacco.

The future for U.S. tobacco in Pakistan is not bright. Pakistan is producing a cigarette with domestic tobacco that is considered of "high" quality. However, if unofficial cigarette imports remain at current high levels, the industry may be compelled to upgrade domestic cigarettes by importing some high-grade U.S. leaf.

In Bangladesh, the situation was somewhat reversed at the time of the division in late 1971. Cigarette manufacturers found themselves without the traditional inflow of Virginia flue-cured from Pakistan and were forced to rely on stocks, domestic production, and imports from India for leaf tobacco. In 1972, Bangladesh imported 18 million pounds of Indian leaf, less than half the traditional transshipments from the West. On January 1, 1972, the combined stocks of U.S. and Pakistani flue-cured in Bangladesh amounted to about 17 million pounds. Some of these stocks were used by the cigarette industry during that year.

Total tobacco production in Bangladesh in 1972 is officially listed at 76.6 million pounds from 101,475 acres. Although no official estimate is available, flue-cured production for commercial cigarette manufacture last year is estimated at less than 1 million pounds. Less than 10 percent of the total leaf production goes into commercial cigarette production; the remainder is converted into "homemade" tobacco products such as "bidis," for intra-village consumption. However, production of commercial cigarette tobacco will undoubtedly increase in the future. Forecasts for fiscal 1974 put flue-cured production at 1.7 million pounds and air-cured at 9 million pounds—a 50 percent increase for both types of tobacco production.

The altered leaf-supply pattern in Bangladesh has reduced supplies of domestically produced high-quality cigarettes and increased unofficial imports bringing about a loss of sorely needed revenue from import duties and excise taxes and a drain on foreign exchange. Therefore, the Government of Bangladesh has decided to request 330,700 pounds of high-quality U.S. flue-cured tobacco under P.L. 480 during fiscal 1974 to produce high-quality cigarettes and pipe tobacco.

Current plans call for about two-thirds of the U.S. leaf imports to go directly into manufacture and the balance to stocks. Assuming a cigarette with 30 percent U.S. tobacco, 220,000 pounds would make about 500 million cigarettes, less than 3 percent of the

[2] Pakistani rupee was devalued on May 12, 1972, from PRs4.825=US$1 to PRs11=US$1, and now PRs9.90=US$1.

previous cigarette production Thus, the potential for increased trade exists in Bangladesh and may be forthcoming as the economy recovers and the demand for high-quality cigarettes begins to increase.

This market could conceivably be expanded to near the 1 million pounds shipped to Pakistan before the division. However, the future market for U.S. tobacco in Bangladesh will depend to a large degree on P.L. 480 shipments. If current requests are approved, fiscal 1975 requests could more than double, based on current cigarette production. But approval of hard currency imports by the Bangladesh Government is questionable until its foreign exchange position is strengthened.

In the long-run U.S. leaf may find a renewed market in Pakistan if manufacturers decide to upgrade the quality of their cigarettes. At present the market share of "high" quality cigarettes is 15 percent, excluding the significant quantity of American and British cigarettes that enter unofficially. However, export prospects to Pakistan are more likely after domestic production of flue-cured tobacco stabilizes and the surplus flue-cured export sales generate foreign exchange funds.

China Signs Pacts for Wheat Imports

Both Canada and Australia have announced new, long-term agreements with the People's Republic of China (PRC) for exports of wheat, extending over the next 3 calendar years—1974, 1975, and 1976. U.S. grain companies have commitments for wheat with China extending only through June 1974.

An unconfirmed report in early November suggested that China has also signed a commercial agreement with Argentina for purchasing cereal grains. Reportedly, the agreement provides for Argentina to export between 700,000 and 1 million tons of cereal grains.

The Canadian agreement calls for the sale of 179 to 224 million bushels (4.9 to 6.1 million metric tons) over the next 3 calendar years. Within this framework, separate "sub-contracts" will be negotiated for the sale of specific amounts. The first contract is for 37.3 million bushels (1 million tons) for shipment between January and June 1974. A contract for a similar amount for shipment July-December 1974 is to be concluded at a later date.

As in previous contracts, the terms call for payment of 25 percent cash when each vessel is loaded, with the balance in 18 months with interest. The rate of interest was not announced.

The Australian agreement calls for shipment of 4.7 million tons, also over a 3-year period. Deliveries are expected to begin in December. Last July, Australia and China signed a 3-year Umbrella Trade Agreement, granting each other most-favored-nation treatment.

Both agreements have come at the expiration of preceeding agreements. Last November 1972, Canada had agreed to ship 1.7 million tons of wheat to China between April and September 1973. Actual deliveries as of September 31, 1973, have reached 1.6 million tons.

In late September 1972, the Australian Wheat Board announced the sale of 1 million tons of wheat to China during calendar 1973. Since deliveries through October 3, 1973 reached only 493,000 tons, completion of this contract is likely to be stepped up after mid-October through November. Harvesting of the new crop begins in October in Australia.

News of these new agreements has not changed previous USDA estimates of PRC wheat imports in fiscal 1974. Total imports still stand at 6.5 million tons, broken down as follows: United States, 4.0; Canada, 1.5; and Australia. 1.0. However, the new agreements do give some shape to trade in fiscal 1975. So far, an estimated 1.5 million tons could be shipped under Canadian and Australian agreements with China.

In the current fiscal year, anticipated U.S. exports to China amount to nearly 4 million tons of wheat. The United States also is expected to ship about 2.5 million tons of corn to China in the 1974 corn marketing year (October-September).

—By Linda A. Bernstein, *ERS*

Pakistan's Cotton Devastated by Floods

Recent floods have dampened Pakistan's hopes for a big cotton crop this year though ample carryover is expected to meet domestic and export needs. Various sources assess the damage at between 286,000 and 817,000 bales—with 400,000 to 500,000 as a most likely figure.

Before the flooding, the Pakistani Government was highly optimistic about the coming crop. The official production target was for more than 3.9 million bales (of 480 pounds), and large exports of raw cotton, yarn, and fabric were anticipated.

Currently, however, 1973-74 cotton output is estimated at only 2.9 million bales from about 4.2 million acres. Despite this reduction, the more than adequate carryover should provide sufficient supplies for domestic consumption, which is expected to continue to expand. Further, exports could be near the level of 1972-73 now that the embargo that was placed on cotton exports following the floods has been lifted.

The final official assessment of cotton output in 1972-73 stands at more than 3.2 million bales from about 5 million acres. Planted area was up 2.7 percent from a year earlier, but production was down slightly. Abnormal insect infestation occurred in the Punjab reducing yields to 312 pounds per acre from 325 pounds during 1971-72.

Nearly 4.6 million acres were planted to Upland cotton in 1972-73. They produced 3 million bales. During the same year, more than 164,000 bales of Desi cotton were grown on nearly 400,000 acres.

Pakistan's Upland cotton is similar to that produced in the U.S. Southwest and it competes with U.S. cotton in overseas markets.

Earlier this year, the Pakistani Government revised export duties on cotton and cotton products several times to stabilize rising domestic prices of cotton yarn and cloth and to tax rising profits of exporters.

The Government is keeping a close watch over the entire cotton and cotton textile industry, with an eye to maximizing foreign exchange earnings and, at the same time, minimizing rising prices of cotton textiles at home.

India Anxiously Awaits Results Of New Peanut Crop As Price Spiral Continues

By J. A. THADANI
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As India moves into its critical harvest period, attention is increasingly focusing on the country's all-important peanut crop following the disastrously low outturn in 1972-73.

The importance of this year's harvest —which despite recent floods now looks as if it will be a near record 6 million tons—is underlined by the problems that have plagued India in recent months as tight edible oil supplies pushed prices to astronomical levels, wreaking havoc in the domestic market.

Sparked by a 37-percent plunge in 1972-73 production of peanuts, the situation worsened progressively throughout the season. Peanut oil prices on the Bombay market soared to successive peaks, finally reaching an alltime high of $1,210 per ton during the fourth week of July. This was almost triple the highest price recorded during 1963 and nearly two-thirds above the previous peak of $746 per ton in 1970.

Prices of other edible oils performed similarly. Coconut oil climbed to a new peak of $1,204 per ton last July. Castor oil, although not an edible oil, touched its historic high of $953 per metric ton, as a Brazilian crop shortfall added to the tight world supply of this product.

Plans for imports barely brought any easing of the price spiral, nor did the favorable monsoon season, and prices are expected to remain unusually high until the new domestic crops begin to arrive on the market during October-December.

India is one of the world's largest producers of vegetable oil and fats, yet it depends on imports to meet rising consumer demand. Last year, both of these sources of supply were insufficient to meet the demand, precipitating the edible oil crisis.

India entered the 1972-73 season with a lower than usual supply of vegetable oils, mainly edible oils, reflecting reduced imports in the face of growing domestic demand. Then the monsoon failed, dropping the season's oilseed crop to 10.3 million metric tons from about 12.5 million and 12.3 million in the two previous seasons.

Greatest damage was to the peanut crop—mainstay of Indian oilseed production—which plunged 36.5 percent from the previous year to 3.9 million tons. And in Gujarat, the largest growing State with about 30 percent of the crop, peanut output was almost nil.

In terms of oil, this shortfall amounted to about 500,000 metric tons less than the previous year—a very wide gap in an already deficit situation.

Import planning, on the other hand, turned out to be inadequate. During December 1971 the country had arranged to import 100,000 metric tons of rapeseed from Canada under concessional terms, but only about 20,000 tons of this arrived during the following calendar year. And although imports of some 200,000 tons of edible oils were talked about soon after the peanut crop's failure became known, actual arrangements made included only about 5,000 tons of palm oil, 10,000 of rapeseed oil, and 25,000 of soybean oil (10,000 tons from the United States and 15,000 from Spain and the Netherlands). Most of these came during the first quarter of 1973, after the situation already had gone out of control.

In the meantime, rising world prices led to an exhausting of the foreign exchange allotment for Canadian rapeseed after further imports of only about 65,000 metric tons were made in the first half of 1973.

Later, during the season 20,000 additional tons were imported, bringing the total import for 1972-73 to about 85,000 tons of rapeseed plus another 92,600 tons of liquid oils.[1] These imports were too meager to hold the price line in the face of the overall shortage, plus the squeeze on supplies caused by increased population and rising prices for other commodities.

The Government since has made several announcements of imports for 1973-74, but actual arrangements may again be short of the plans. These arrangements include about 14,000 tons of soybean oil, 34,000 of rapeseed oil, and some 28,500 tons of palm oil for shipment between July and December 1973. About 30,000-40,000 tons more are expected to be bought between now and the end of 1974.

Also, now that the country's vanaspati (vegetable oil) industry has come to accept palm oil as a raw material, long-term arrangements were reportedly discussed with Malaysia for about 50,000 tons of the oil each year for a 5-year period.

The trade feels that at least 150,000 tons more of edible oils should be imported to ease the situation during the current season.

Despite the astounding prices this year, reaction within India has been surprisingly mild contrasted to that of the past, although tensions have recently mounted high. When Bombay prices of

[1] In addition, about 35,000 metric tons of soybean salad oil were received from the United States under relief programs.

INDIA'S PRODUCTION OF MAJOR OILSEEDS, 1967-68 THROUGH 1972-73
[In thousands of metric tons]

Item	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73 [1]
Peanuts, in shell	5,731	4,631	5,130	6,110	6,180	3,924
Sesameseed	445	423	448	562	459	420
Rape and mustard	1,568	1,347	1,564	1,975	1,451	2,000
Flaxseed	438	429	469	474	510	520
Castorseed	121	116	123	136	144	138
Copra [1]	786	803	865	897	899	915
Cottonseed [2]	2,276	2,140	2,134	1,940	2,560	2,241
Safflower [2]	225	250	225	200	225	175
Total	11,590	10,039	10,958	12,294	12,473	10,333

[1] Preliminary. [2] Based on trade estimates.
Note: For peanuts, sesame, and cottonseed, the year begins October 1; for coconuts, the following January 1; and for rape and mustardseed, flaxseed, castorseed, and safflower, the following February 1.

peanut oil touched a high of $626 per metric ton in 1964, for instance, a feeling of discontent generally existed among the people. Protests then became widespread and vehement in 1966, when another high of $742 per ton was reached. But when the dizzying height of $1,210 was reached last July, consumer reaction seemed one of resignation rather than anger.

One reason for this might be that the consumer has learned to live with the many changes that have taken place in the edible fats and oils industry. At one time, the major cooking medium in India was ghee, a crystalline form of butter fat. When the first vanaspati factory was established in India some 40 years ago, even the use of peanut oil—now the favored oil in India—was considered unacceptable. Today, there is just enough of any kind of oil to meet the meager needs of the people. Even in normal times the poor can hardly afford anything like a cooking medium, and increasingly this is extending to the higher income brackets.

Despite the Government import plans, there is no prospect of any significant early improvement in the situation. With the supply position not easing substantially and the demand continuing on the high side, edible oil prices will probably remain high.

The only permanent solution to the problem appears to be expansion and development of oilseed crops. Toward this end, a drive has been launched to introduce sunflower, which thrives on scanty rainfall and is being produced on some 790,000 acres in various States this season.

In addition, the Government is pushing soybean production, with a big boost planned for 1973-74 from the 66,000 acres reportedly planted to the crop in 1972-73. Plans call for nearly a million acres and a production of 500,000 metric tons in 1973-74, but these goals have consistently been far above actual results. (*Foreign Agriculture*, April 16, 1973.)

Breeding experiments for hardier varieties of peanuts have also been undertaken. Other developments have included increased use of cottonseed and rice bran oils and tapping of forest resources for minor oils.

None of these, however, can show results in a short time. Thus, a breakthrough in production of major oilseeds is the only real solution to fill the widening gap between supply and demand.

South Africa's Deciduous Fruit Production And Exports Decline Sharply in 1973

The South African Deciduous Fruit Board has announced that the 1972-73 fruit crop is about 42,000 metric tons less than last year's. Exports also showed a sharp downturn.

By adding export, local sale, and processing totals, the Board has set the 1972-73 production of apricots, peaches, plums, pears, grapes, and apples at 563,400 metric tons, compared with 605,100 tons in 1971-72. However, these totals do not reveal the full size of the country's outturn because only fruit suitable for export and produced in the "controlled" areas of the western Cape is included in Fruit Board data.

For example, a survey by the Fruit Board reveals that total apple production in 1971-72 may have been 346,000 tons, about 72,000 tons more than the 274,200 tons carried in the Board's records.

Official production figures for 1972-73, compared with those of 1971-72 (in parentheses) in thousands of metric tons were: Apricots, 15.2 (17.7); peaches, 151.6 (148.5); plums, 6.8 (9.1); pears, 95.6 (95.7); grapes, 52.0 (59.8); and apples, 242.2 (274.3).

The apple is still the mainstay of the South African deciduous fruit industry. Farmers plan to up output and if estimates are accurate that 5.1 million trees will be in place in the near future, with about 3 million in production. This level of output would require local apple consumption and processing to be stepped up to avoid waste of fresh fruit, and fruit drink companies would have to boost utilization of lower grade apples.

The production drop is reflected by the estimated decline in 1972-73 fruit exports, most strikingly seen in the stone fruit categories. Compared with a year earlier, plum exports decreased by 44 percent, peaches by 25 percent, and apricots by 50 percent. Grape exports dropped by 23 percent, pears declined by 10 percent, and apples were down by 15 percent.

Total exports by the Board sagged only 16 percent, however, because the main export fruits—apples, pears, and grapes—were not so badly hit by the year's drought and abnormal weather as were the less important ones. Exports of all fruits were 207,800 tons in 1972-73, compared with 247,000 tons the previous year.

Detailed export figures for 1972-73 are not yet available but early estimates indicate South African farmers may receive about US$15 million more than last year's record $62 million for fruit exported through the Board. Higher exportations resulted principally from the relative failure of the South American crop and a shortfall in European production.

The Board listed 201,300 metric tons as having been processed in 1972-73, but this figure does not reflect the true situation. Not all apple processors report their purchases to the Fruit Board, some of the fruit being of a grade not included in Board data. One big juice concern had plans to process 70,000 tons of undergrade apples during the 1972-73 season, compared with 40,000 the previous season. A factory ship in Mossel Bay was capable of handling about 80 tons of low grade apples a day, but the actual processing figure is unknown at the present time.

Spain Buys U.S. Oil

To meet domestic edible oil needs, Spain has suspended bulk olive oil exports and recently purchased at least 5,000 tons of U.S. soybean oil and 5,000 tons of Argentine sunflower oil. Spain is the world's major olive oil exporter and in recent years has ranked high among soybean oil exporting countries.

This reversal in the country's traditional marketings has resulted from the imposition of domestic ceiling prices on soybean meal, floor prices and export subsidies on soybean oil, and the inability or unwillingness of the Government to maintain direct subsidy payments to oilseed crushers. As Spanish soybean crushing came to a virtual halt in mid-1973, soybean meal was imported from Brazil, in addition to the soybean oil now being imported from the United States.

In fiscal 1972, Spain imported about $200 million of U.S. soybeans and meal but no oil. U.S. exports of soybeans to Spain ceased by June 1973—before the U.S. export embargo went into effect—and meal shipments since that time have been small.

Yugoslavia's Plum Output Swells; Challenges Face Prune Industry

By THEODORE HOROSCHAK
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8-9,

DESPITE A tremendous surge in production brought about by new tree plantings over the past 2 decades, Yugoslavia's important plum industry faces serious challenges. Production costs are rising and returns are falling, while competition from other domestic fruit industries is increasing rapidly. Yugoslavia—the world's leading plum producer—is second only to the United States in prune production and trade.

Moreover, prospects for the 1973 plum harvest are bleak. Extreme heat during May damaged the immature plums, and trade sources indicate the 1973 fresh plum crop may total only 772,000 short tons, compared with a 1966-70 average of 1,156,000 tons. As a result, prune output is unofficially placed at 22,000 tons.

Surprisingly, drying is not the principal outlet for the plum crop, despite Yugoslavia's strong position in the world prune trade. Plum brandy production (Slivovitz—the national drink of Yugoslavia) utilizes about 65 percent of the crop, followed by fresh consumption, 20 percent; drying into prunes, 10 percent; and jams and preserves, 5 percent.

In 1972, Yugoslav plum production totaled 1,071,000 short tons, compared with 900,000 in 1971 and the 1962-66 average of 700,000. Prospects for a near-record prune pack of 44,000 tons were ruined by cold, wet weather during harvest. The overall low sugar and high moisture content of the crop altered the drying ratio (pounds of plums per pound of prune) drastically. In addition, physical damage, particularly splitting, rendered a large percentage of the crop useless for drying.

Despite the poor quality of the 1972 fresh plum crop, dried prune production totaled an above-average 32,675 tons, with quality reported to be "satisfactory." Prune exports are expected to total 20,000 tons during the 1972 marketing year, with the majority going to other East European nations.

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In 1972, bearing plum trees totaled 72.4 million, a sharp rise compared with the 1962 level of 62 million, but only slightly above the 1970 record. Replacement of older, lower-yielding plum trees with other fruit, particularly deciduous, is causing bearing tree numbers to level off.

Approximately 55 percent of the plum trees are of the local "Pozegaca" variety, whose production is suitable for drying, processing into brandy, fresh consumption, and jams and preserves. Of the remainder, dessert plums sold for fresh consumption account for 5 percent, and local varieties suitable only for brandy production, the remaining 40 percent.

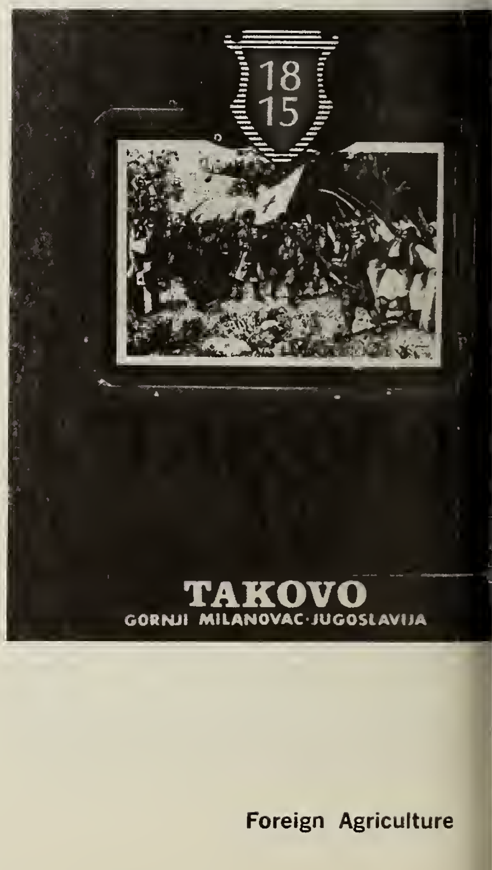
The vast majority of plantings are on small, irregular plots on private farms. Trees tend to be old, with only a small proportion of improved varieties. Horticultural practices have changed little over the years, as owners find it economically unfeasible to adopt new procedures. Thus, production is at the whim of nature, with per-tree yields varying accordingly. In 1972, average output per tree totaled 29.6 pounds, versus 13.5 in 1965.

Conversely, socialized enterprises are larger, well-tended units, utilizing modern horticultural techniques. One goal of these units is to produce a high-quality product suitable for both domestic and export markets. Socialized enterprises account for a very small percentage of Yugoslav cropland. They comprised less than 1 percent of farms in 1969, accounting for about 15 percent of cultivated land.

An estimated 3 million of Yugoslavia's 21 million people depended on plum and prune production, to some degree, for their livelihood in 1972. Plantings are found throughout the country, with commercial production centered in the Republics of Serbia and Bosnia.

As economic returns to growers fell in recent years, it became apparent that assistance was needed. Beginning in 1968, the Yugoslav Government initiated several programs including:

- Long- and short-term loans with very favorable terms;
- Guaranteed prices for plums destined for drying and for prunes;
- Export subsidies for prunes sold to Western nations; and
- Placing prunes on eligible "com-



modity lists" contained in the trade agreements signed with East European nations.

In addition, there are several ongoing research projects evaluating new varieties, primarily for fresh consumption. Hopefully, these varieties will extend the harvest period and, accordingly, the season for fresh plum consumption.

Loans are designed to enhance interest in prune production and trade. Long-term loans with low interest rates are available for storage facilities, driers, and other capital investments, while short-term loans are used to cover inventory costs.

In June 1968, the Government announced minimum guaranteed prices for prunes dried in industrial plants and sterilized, an effort to improve quality and the market position of Yugoslav prunes. Prices (converted to U.S. equivalent) for the forthcoming 1973 crop have been set at the following levels:

Size (No. per ½ lb.)	U.S. cents per lb.
up to 95	14.1
95 - 105	13.3
106 - 110	12.9

The Government also guarantees a minimum price for plums destined for drying, set at 1.8 cents per pound in 1973.

Prunes dried in old-fashioned dryers sold for approximately 8 cents per pound in 1972, well below guaranteed levels. Generally speaking, the quality of prunes dried in this manner is inconsistent and below that of the industrial product and they are usually not exported. In 1972, the capacity of modern commercial dryers in Yugoslavia was placed at 31,000 tons.

Export subsidies are paid on prune shipments to Western nations only. In 1972, this payment was set at 11 percent of the contract price. In addition, the Government covers any losses incurred by an exporter if the contract price is below the guaranteed minimum. However, an exporter must submit all export contracts for Government approval before a shipment qualifies for the subsidy.

Although shipments to East European nations are not subsidized, contract prices are higher than those for prunes sold to Western buyers. And by including prunes on commodity lists contained in bilateral trade agreements with East European nations, old markets have been expanded.

Despite these actions, many in the trade feel that the outlook is not good. Young people are leaving farms seeking more rewarding jobs and those remaining view the low returns for prunes warily, looking for more profitable crops. Products which can be marketed year-round—apples and pears from cold storage for example—are preferred. Tree numbers appear to have leveled off and future production will depend, as always, upon the weather. However, utilization of the crop may change with a larger percentage going into brandy production, and less to drying.

Labels illustrate brands of Yugoslavia's popular national drink, "Slivovitz," a type of plum brandy that utilizes some 65 percent of the plum crop annually. Surprisingly, only about 10 percent of the crop is dried into prunes, both for export and domestic use. Prunes packaged for home use are shown, top left. Twenty percent of the crop is consumed fresh, with 5 percent used for jams and preserves.

Soft spots mar farm outlook

Turkey's Economy Strengthens

By WILLIAM L. DAVIS
U.S. Agricultural Attaché
Ankara

10-12

ON THE 50TH Anniversary of the Turkish Republic, the future looks promising. The country inaugurated its third Five-Year Plan (1973-77) with a strong economy growing at a rate of over 7 percent per year. Expansion is marked in the industrial sector, while agricultural production is growing at a rate of 3.9 percent annually. Even so, some areas of agriculture—with inflation—represent important soft spots in the economy and receive considerable attention from the country's leaders.

Above-normal farm output will not be maintained for a third successive year in 1973, however, as drought has already curtailed the wheat and barley harvests.

Meanwhile, inflation's effects are being felt. Inflation appears to be mostly caused by demand-pull, fueled by healthy foreign exchange holdings. Workers' remittances and a strong export performance have pushed net foreign exchange reserves from $40 million in 1968 to over $2 billion at present.

In August, the Government increased its price stability import fund from $100 million to $350 million as an anti-inflation effort. Concurrently, it reduced import levies on some items and restricted the export of other items. While these actions have important implications for foodstuffs, nonfood consumer items are also involved.

In 1972, for the second consecutive year, Turkey harvested an unusually large wheat crop—9.5 million tons. Although 11 percent below the record 10.7 million tons in 1971, it was still well above average. Both bumper crops caused severe storage problems and for that period changed Turkey from an importer of U.S. wheat to a wheat exporter.

However, Turkey will import wheat during 1973-74. Production for 1973 is currently forecast at 8 million tons. Drought severely reduced yields on the southern half of the Anatolian Plateau in southeast Turkey and on the Cukurova Plain where high yielding varieties have been introduced.

Production of barley in 1973 totaled 3 million tons, one-third below the 1971 record. The 1972 crop of 3.7 million tons was down by 11 percent and owing to the short crop, there will be no exports in U.S. fiscal 1974. Last year, 15,000 tons were shipped. With early September prospects for the Black Sea corn harvest less than favorable, feedgrain imports are planned.

Mainly because of the smaller wheat and barley crops in 1972 and 1973, total agricultural production will be below the 1971 record.

IN 1972, TOTAL exports reached $885 million. Agricultural exports for 1973 are expected to reach the 1972 level, about $605 million. That year, cotton totaled $191 million, tobacco $131 million ($54.2 million to the United States) and filberts, $117 million. Wheat was an important export product for the first time, and sugar totaled $23 million, compared with $3.2 million in 1971. At $56 million, textiles continued to advance strongly. Major U.S. purchases also included pistachios, and hides and skins.

In 1973, exceedingly high prices will push cotton export value to another record despite some reduction in quantity. Wheat, olive oil, and fruit exports from the 1972 crop will be larger. Tobacco sales may be slightly less, and sugar will be down as domestic demand swallows supplies. Shipments of oilseed cakes and livestock, restricted by an export licensing system, will continue to decline. Livestock exports could be boosted somewhat by a recent decision to permit exports in an effort to maintain prices in a phase of herd reductions prompted by feed shortage.

The European Community (EC) is No. 1 customer for Turkey's farm exports. The Far East is becoming important, with Japan an especially fast growing market. And about 230,000 bales of cotton were sold to the People's Republic of China during the 1972-73 marketing year.

The United States was formerly the most important source of agricultural products for Turkey. In 1971, agricultural imports totaled $83 million, $30.1 million in U.S. wheat. U.S. agricultural exports to Turkey in 1972 were worth $14.2 million, the lowest in years. Largest item was tallow, $4.4 million worth.

Agricultural imports will rise in 1973 as grain imports resume. Since tallow imports were large in 1972—one-half more than in 1971—no imports will be required in the near future. However, rice imports will increase.

The latest reports on these and other important trade products include:

Rice. Production for 1973 is expected to be up 14 percent to 160,000 tons milled. Rice prices in local markets continue to increase despite imports. Rice takings during fiscal 1973 are estimated at 31,000 tons, one-third of U.S. origin. Fiscal 1974 takings will total about 60,000 metric tons with the major suppliers being People's Republic of China, Peru, and the United States.

Corn. Over the past few years, corn production stabilized at a level near 1 million tons. More acreage was planted in 1973 as increased consumption coupled with shortages caused prices to rise. Turkey is planning to increase corn production to about 1.3 million tons by 1977. Even so, early September indications place the Black Sea corn crop down about 25 percent, compared to the previous year.

This implies a 10- to 12-percent re-

duction in total output.

Cotton. Due to decreased plantings, this year's harvest is expected to be 7 percent smaller than 1972 cotton production of 2.5 million bales, which was below the record crop of 1971. The export total for 1972-73 is estimated at 1.4 million bales, down from over 1.5 million bales in 1971-72. Still, stocks were high because of the previous bumper crop.

The quantity of exports during 1973-74 could fall 10 percent below the marketing year just ended. The actual level depends upon whether the Government intervenes in favor of domestic mills, not only to guarantee supply, but also to hold down domestic textile prices. Turkey should easily maintain its place among the top six cotton exporters, a position it has held for the last 5 years. (*Foreign Agriculture,* January 22, 1973.)

Figs, popular in Turkish diets, are turned during drying, top, while sesame harvest (above) also dries in the hot Turkish sun. A drop in exports of oranges (below), the major citrus crop, was offset by a rise in lemon sales in the 1972-73 season. Bottom left, women pick grapes, an important source of raisins for EC markets.

Tobacco. The 1972 crop of 173,000 metric tons was about the same as the previous year. Exports are up, and a recent Soviet loan for industrial development will be paid off mostly with agricultural commodities, mainly tobacco. Export of the 1972 crop began in September. Minimum export prices were set one-third above those realized from 1971 crop, reflecting the fact that the Government of Turkey no longer holds substantial surplus stocks. This season, production is expected to fall 5 percent below the 1972 level.

Filberts and pistachios. These two types of nuts had a good year in 1972, and exports were up. This year a filbert crop of 220,000 tons is expected. The second largest harvest in history, it is 30,000 tons larger than the 1972 crop. Pistachios, in an "off" year, will yield about 5,000 tons (inshell), compared with 14,000 tons last year.

Olives and oilseeds. Despite an off year this season for olives, production of olive oil is expected to reach 70,000 tons since young orchards established in the early 1960's have just begun production. Last year, 154,000 tons of olive oil were produced, of which 45,000 tons were exported at favorable prices owing to strong world demand.

Sunflower production has soared during the past decade to a record 560,000 tons in 1972 with oil production at about 215,000 tons. However, seed outturn is expected to drop to 500,000 tons yielding 190,000 tons of oil during 1973. Cottonseed production increased to 870,000 tons in 1972 but is expected to be about 810,000 tons in 1973. Sesameseed production was reduced to 33,000 tons in 1972 from the previous year's 43,000 tons. This year's crop is expected to be about the same as last year's.

Citrus. The 1972-73 citrus crop was up 7 percent from the previous season. Production of oranges, the major crop, increased by 5 percent while tangerines were up 7 percent, lemons 15 percent, and grapefruit was up by 43 percent. Total citrus output reached just over 700,000 tons. The production rise resulted mainly from the current trend of increased bearing acreage. However, yields may be down for the 1973-74 season due to lack of irrigation water in some areas.

Citrus exports totaling 110,231 tons were made in 1971-72, compared to 80,109 tons the previous season. Ship-

ments during 1972-73 should reach 130,000 tons with larger lemon sales overcoming a decline in oranges. Domestic demand continues strong.

Raisins. The short 1973 raisin crop, predicted to reach 85,000 tons, will further aggravate the world raisin shortage. Most Turkish raisins are exported. Raisin production for 1972 is estimated at 106,000 tons and 1971 production at 100,000 tons. The EC is the major customer.

Livestock. Increases are expected for 1973 in most livestock numbers and in total meat output. However, meat production will only barely keep up with population growth, and rate of consumption will remain about the same as in 1972. Increased feed prices have been a factor in preventing further development of the industry.

Meat price increases abated during the early fall as feed shortages prompted herd reductions and supplies improved. In order to maintain producer prices, the Government eased the ban on meat exports, but maintained export licensing. Supplies are expected to again shorten in winter and prices will resume their upward trend.

VIRTUALLY ALL domestic production is consumed locally. Total red meat production for 1972 was estimated at 545,000 tons.

Preparations are underway for development of the dairy industry with the help of World Bank credits in the regions of Ankara, Istanbul, Izmir, and Adana. The Ministry of Agriculture plans to import 800 dairy cattle on behalf of farmers eligible for World Bank credit during the coming months. A contract has been signed with a Dutch firm to supply the animals.

In its battle against inflation, the Government has shown an increasing tendency toward meeting consumer demands. Of the $350 million now allocated for price stability imports, an estimated $150 million may be spent for food. Even so, the Government's import policy heavily favors investment and industrial goods with little liberalization in food imports—the majority of which are effected by Governmental organizations.

Meanwhile, most minimum (guaranteed) prices for farmers were increased substantially for 1973 harvests after small to moderate increases during the previous 3 years. The Government's buying price for wheat was boosted 20 percent, while guaranteed prices for cotton rose 62 percent and raisins, 129 percent. Sunflowerseed and filbert producers fared less well with increases of 15 percent. Even so, market prices have registered even larger increases, making guaranteed prices only symbolic except for sugarbeet prices which were raised 50 percent.

The State Grain Organization's buying price was not competitive for the first time in years. For several commodities—cotton, raisins, figs, olive oil, sunflowerseed, and filberts—guaranteed prices have been administered through regional cooperative unions.

Until recently, some of these unions held substantial stocks as a result of their price intervention activities. But it was this intervention activity on which their capacities were built and their places in the markets established. With prices much above guaranteed levels, these unions must now become competitive on their own trading accounts if they are to maintain their market positions. The Government has moved to assist with this transition, chiefly through credit and risk sharing and to a lesser extent through administrative action favoring cooperatives.

A comprehensive land reform law was legislated in mid-1973 after 2 years of parliamentary debate. Implementation is to begin after October elections in pilot areas.

HONDURAS COTTON OUTPUT UP DESPITE DROUGHT

Heavy rains have fallen in Honduras recently, breaking a yearlong drought that reduced yields in 1972-73. The dry spell had little or no effect on last season's total production, however. A massive jump in acreage almost doubled baled cotton output.

Cotton area harvested in 1972-73 was about 20,000 acres, according to the producer organization, Cooperativa Algodonera del Sur (CAS), nearly double the acreage reportedly harvested in 1971-72. Baled cotton output was nearly 20,000 bales, compared with the previous season's 10,000.

The Government plays an active role in promoting expansion of cotton acreage and production. In 1972-73, the National Development Bank made some $3 million available for production financing in the cotton-growing Departments of Choluteca, Olancho, and Valle, and in the Jamastrán Valley of El Paraíso.

CAS estimates the 1973-74 season will show a 30-percent area jump, with a total production of 28,400 bales. This output represents a yield of 576 pounds of lint per acre, compared with 509 pounds the previous season. But even this small gain, according to the trade, would be a gratifying step forward.

The rains, which fell over much of Honduras, were particularly heavy on the Pacific coast, causing river overflow to inundate some cotton fields. The extent of the damage to the 1973-74 crop is difficult to ascertain, however.

Figures showing the level of Honduran exports in 1972-73 are at variance, so it is difficult to determine their true size. The cooperative reported exports of 9,500 bales, while unpublished data from the Government's Office of Statistics and Census show shipments of 12,570 bales. Honduras only customer, was as usual, Nichimen, a Japanese firm. CAS reports that the 1973-74 crop will make 19,500 bales of lint available for export and that Nichimen has already contracted to buy the lot.

Although CAS members reported making no imports of cotton in 1972-73, Government statistics record purchases between August 1972 and May 1973 of nearly 1,100 bales.

Domestic consumption for 1973-74 is estimated by the cooperative at 8,900 bales, based on the 28,400-bale production forecast and exports of 19,500. However, since last season's estimated domestic consumption was 9,580 bales, it is likely the local industry will have to import some cotton if the output-export pattern remains unchanged.

It is also reported that Honduras may demand equal treatment if Guatemala, Nicaragua, and El Salvador succeed in having Japan set aside cotton contracts signed earlier when market prices were much lower than at the present time. Although Honduras did not send representatives to Japan along with those of the other countries, it will certainly ask for consideration if the Japanese revise upward prices in the contracts.

—Based on dispatch from
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CROPS AND MARKETS

TOBACCO

American Buyers Balk At Turkish Tobacco Prices

American tobacco buyers recently concluded their annual inspection visit to the Turkish port of Izmir without agreeing on a purchase price for the 1972 crop now being sold. The minimum export price was earlier set at US$2.02-$2.05 per kilogram, an increase of about 26 percent from the U.S. $1.60 minimum price for the 1971 crop.

The American companies claim the Turkish tobacco price is too high. Local Turkish exporters contend Greek prices are higher and that the U.S. buyers have no choice. The exporters also allege the Yugoslav crop is in short supply and this strengthens their bargaining position. (Early reports from U.S. sources indicate volume of the 1973 Yugoslav crop is up 10 percent following a significant rise in the 1972 crop.)

Although American buyers left Turkey with no compromise in sight, reliable sources indicate resident agents of U.S. firms are proceeding with their normal inspections of leaf.

Bangladesh Stresses Flue- and Air-Cured Tobacco Production

The Bangladesh Tobacco Corporation (BTC) is continuing its program to promote production of flue-cured and air-cured leaf because of current shortages. BTC efforts are concentrated primarily in the northwestern part of Bangladesh where previous promotional activities have met with only limited success. It is hoped new deep wells in the area will bring greater response to these efforts. In past years, leaf tobacco and manufactured tobacco products came mostly from West Pakistan before separation of Pakistan into two countries.

BTC officials have stated they will not need high-quality U.S. leaf until they obtain machinery to produce high-quality filter-tip cigarettes. Government action approving the foreign exchange necessary to purchase the machinery is slow in coming. It currently appears that mid-1975 is the earliest date U.S. leaf will be required.

Argentina's 1973 Tobacco Crop Down Slightly

Argentina's 1973 tobacco crop is officially estimated at 159.6 million pounds, down 1.7 percent from the 162.3 million pounds produced in 1972. The slight decrease is attributed to excessive rains during the growing season.

Argentina's tobacco production and exports have been expanding rapidly in recent years. Production has reached the current level from an annual average of 120.6 million pounds produced during the 1965-69 period. Exports, likewise, have risen from an annual average of 25.3 million pounds during this same 5-year period to 43.4 million pounds in 1972.

Although no estimate is yet available for 1973, the 1972 flue-cured crop totaled 58 million pounds. Approximately 12 million pounds were exported in 1972, double the amount of flue-cured exported in 1970.

Philippine Cigarette Output Sets Record

Philippine cigarette production reached a record 5.1 billion pieces in fiscal year 1973, up 11.8 percent from a year earlier. This increase continues the uptrend and follows increases of 5.8 percent in fiscal 1971 and 9 percent in 1972. The entire 1973 increase was in aromatic-type cigarettes whose production rose 23.2 percent from 27.2 billion pieces in 1972, to 35.5 billion pieces in 1973.

During the same period, cigar production fell 28 percent from 41.8 million pieces in fiscal 1972, to 30.1 million in fiscal 1973. This is consistent with a downtrend which began in 1965.

French Tobacco Hit by Fungus

A fungus disease, Mildiou, may cause the worst damage to the French tobacco crop in more than a decade, according to recent reports from France. The size of the 1973 crop and the fungus' effect on total output are not yet known. The 1972 crop amounted to 105 million pounds, about 12 percent over the previous year's.

France is the second largest tobacco producer in the European Community, producing mostly dark air-cured tobacco, with an expanding crop of burley.

FRUIT, NUTS, AND VEGETABLES

U.S. Onion Sales to Japan

Trade sources indicate a sizable volume of onions produced in Idaho, Oregon, and Washington have been contracted for shipment to Japan. According to the report, approximately 1.3 million 50-pound bags are involved. Although selling prices were not revealed, sales at current market values would approximate $3.25 million, f.o.b. basis.

Rules for EC Wine Imports Now in Effect

Certification requirements for wine imports into the European Community, originally scheduled to go into effect November 1, 1972, but postponed several times because of internal problems within the EC, entered into force October 1, 1973. Henceforth, imported wines must be accompanied by certification that the wine meets the quality requirements of the country of origin and meets detailed specified oenological (wine) requirements, including provision of laboratory analysis data.

The EC technical requirements for imported wine are

identical to those in force within the European Community, but they differ in certain important details from United States requirements for its wines. EC officials have indicated that their concern is with cheap bulk wines from Mediterranean countries, and not with the trade in premium U.S. wines.

Taiwan Seeks Bids For U.S. Apples

The Central Trust of China, through its agent in San Francisco, recently invited bids for 100,000 cartons of U.S. apples to be shipped to Taiwan. The tender involves four shipments totaling 20,000 cartons of Golden Delicious and 80,000 cartons of Red Delicious. The first shipment was reportedly scheduled to arrive in Taiwan on December 5, and the last on January 10.

If the first tender is successful, Central Trust officials have indicated the possibility of a further tender of 50,000 cartons. Last spring, 33,000 cartons of apples were shipped for the first time to Taiwan from the Pacific Northwest. The reception of this shipment was favorable and undoubtedly prompted the recent tender announcement.

Finland Advances Dates for Apple, Pear Import Seasons

The Government of Finland advanced to October 18 the low-duty rate of 8-percent ad valorem for imports of fresh pears. The usual opening date is December 1. In the case of apples, the low-duty rate of 15 percent became effective November 11 instead of December 10, the normal date. Both actions stem from this year's smaller Finnish domestic pear and apple crops.

Sweden also announced that because of a short home crop it would open its frontier to pear imports on October 23. This marks the earliest opening date since 1961.

India's Walnut Crop Down, Exports are Up

India's 1973 commercial walnut production is forecast at 13,000 short tons (inshell basis), down 13 percent from the previous year's estimated harvest of 15,000 short tons.

Walnut exports during the first 3 months of the October 1972-December 1973 marketing year totaled 5,540 tons (inshell basis) valued at about US$2.5 million. This represents increases of 85 percent in volume and 131 percent in value compared to the same period during the 1971-72 marketing year. Total exports for 1972-73 are estimated at 7,700 short tons (inshell basis) versus 5,548 tons in 1971-72. India does not import any walnuts.

The jump in exports for 1972-73 over 1971-72 was primarily because the Government granted walnut exporters a cash subsidy equal to 5 percent of the value of their exports and an additional 2.5 percent to those whose exports during 1972-73 exceeded their previous year's by 10 percent. All exporters of walnuts during 1972-73, as in previous years, also received a 2-percent subsidy on the value of kernel exports in the form of import entitlement for glassine paper used as packing material.

The latter subsidy will continue during the current year, but the Government has not yet decided whether to continue the cash-export subsidy (5 percent plus 2.5 percent) in the current season in view of the prevailing high export prices.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 6	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	5.55	−25	2.76
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	2.55
U.S. No. 2 Dark Northern Spring:			
14 percent	5.24	+7	2.52
15 percent	(1)	(1)	2.56
U.S. No. 2 Hard Winter:			
12 percent	5.53	−2	2.49
No. 3 Hard Amber Durum	6.86	−1	2.60
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.00	−2	1.65
Argentine Plate corn	3.18	−5	2.08
U.S. No. 2 sorghum	3.29	+9	1.76
Argentine-Granifero sorghum	3.25	+7	1.77
U.S. No. 3 Feed barley	2.69	−10	1.58
Soybeans: [3]			
U.S. No. 2 Yellow	6.15	−19	3.95
EC import levies:			
Wheat [4]	[5] 0	0	1.34
Corn [6]	[5] .44	+10	1.16
Sorghum [6]	[5] .20	−3	1.06

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [6] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Hungary Produces Record Wheat Crop

Hungary reportedly has completed harvesting a record wheat crop, nearly 10 percent higher than last year. Total wheat output was 4.5 million metric tons, an increase of 400,000 tons over 1972. This year's sown area was 1.7 percent less than last year, when the previous record was set.

EC Donates Wheat to the Philippines

The EC Commission will donate 10,000 metric tons of soft wheat to the Philippines, 5,000 metric tons of which will be in the form of wheat flour. The delivery date extends from the last quarter of 1973 to the beginning of 1974.

LIVESTOCK AND MEAT PRODUCTS

U.S. Makes First Sale Of Cattle to Poland

U.S. Holstein-Friesian breeders made this country's first live cattle sale to Poland when they sold 82 registered, brucellosis-free heifers recently to a three-man Polish buying team. Airshipped to Poland in mid-October, the cattle were valued at $160,000 c.i.f. They had been selected by team members

who visited some 300 U.S. breeding farms, accompanied by members of the Holstein-Friesian Association of America.

A representative of the Holstein-Friesian Service, the market development agency of HFA, accompanied the shipment to Poland to insure its safe arrival and to assist with preliminary adaptation procedures.

U.K. Red Meat Consumption Falls

The U.K. National Food Survey of household food consumption in the second quarter of 1973 shows that while total food expenditures during April-June this year rose in response to higher prices, there were some significant reductions in the quantities of certain foods consumed, particularly red meats.

The average expenditure for food bought for consumption in the home (excluding sugar confectionery and soft drinks) was US$6.75 per person per week in April-June 1973, 4.8 percent above the first quarter of this year and 13.9 percent above the same 3 months of 1972. The rises were due to higher expenditures on poultry, processed meat products, eggs, potatoes and vegetables, cakes, and biscuits.

The amount of money spent on meat in the second quarter of this year was actually lower than in the first quarter although well above the second quarter of 1972. Overall, spending on meat in April-June 1973 at the equivalent of 93 U.S. cents per person per week was up from the same months of 1972 by 11.7 percent.

In terms of quantities, considerable publicity has been given in the United Kingdom to the fact that consumption of red meats in the second quarter of this year was the lowest per head since food rationing ended in July 1954. Poultry consumption on the other hand went up.

The Ministry of Agriculture says this represents, in part, a continuation of the trend towards convenience foods and away from foods requiring more preparation.

DAIRY AND POULTRY

Uruguay Allows Imports of U.S. Pedigree Hatching Eggs

The Government of Uruguay has relaxed the blanket prohibition on imports of chicks and hatching eggs from countries where Newcastle disease exists, to permit the import of pedigree hatching eggs from such countries, including the United States. The decree, dated September 13, 1973, requires certification that the eggs come from salmonellosis-free flocks and from areas free of other specified diseases.

SUGAR AND TROPICAL PRODUCTS

Two More Guadeloupe Sugar Mills Close

Two more sugar factories on the Caribbean island of Guadeloupe have recently closed. There are seven factories remaining. The sugar industry in the French West Indies suffers from several problems including special hardships of near European-level minimum wage rates and high social-security benefits.

Guadeloupe has a guaranteed quota to the European Common Market of 184,000 metric tons but has been unable to fill it. Output for the 1972-73 season amounted to 121,000 metric tons. The decline in production has continued despite French Government subsidies to the industry. With the poor outlook for sugarcane production, factory owners have been reluctant to modernize their ancient plants.

FATS, OILS, AND OILSEEDS

Mexico's Soybean Harvest Up 36 Percent in 1973-74

Mexico's 1973-74 soybean harvest is currently forecast at 510,000 metric tons (18.7 million bushels), indicating a 135,000-ton gain over the 1972-73 outturn. The sharp increase primarily reflects expanded plantings but also some improvement in yields. Soybeans have now become Mexico's second most important oilseed crop next to cottonseed.

In Sonora and Sinaloa States, where 80 percent of the soybean acreage is planted, double cropping with wheat and current high prices for both crops has placed soybeans in a favorable competitive position relative to cotton. If this continues, soybeans could become Mexico's most important oilseed crop within the next few years.

GENERAL

Britain Tables Bid For New Farmer Aid

The U.K. Government has announced it will postpone action until its Annual Farm Price Review early next year on pleas from the British National Farmers' Union for additional financial aid to help U.K. farmers fight rising costs, particularly for feed.

In August, the Union notified the Government that the rise in feed costs since the 1973 Annual Price Review in March would add US$285-$375 million to total farm expenses on the basis of a full year's operations. Since then, the Union asserted, feed costs have continued to rise as compounders passed on to farmers raw material costs during June-August, when ingredient prices were at their highest.

The United Kingdom is already committed to raise U.K. guaranteed prices further toward EC Common Agricultural Policy (CAP) levels. Milk and pigs, the specific commodities the Union is particularly worried about, are included in the CAP. The Government believes, the spokesman said, that existing circumstances are temporary and that prices will improve in the future.

Correction: Italian 1973 walnut production (page 13, *Foreign Agriculture* Oct. 29) shc d have read 23,000 short tons.

Other Foreign Agriculture Publications

- World Grain Supplies Improve (FG-12-73)
- U.S. Trade in Livestock, Meat, and Meat Products Up in August (FLM-19-73)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

FRENCH SHIP FEED BY TRAIN TO NETHERLANDS

French feedgrains may soon be taking the rail—rather than water—route to the Netherlands as a result of a trail-blazing experiment now being undertaken by one of the Netherlands largest feed cooperatives.

Focusing on trains as an economical alternative to the traditional barging of grain on the region's inland waterways, the experiment holds the potential of revolutionizing Dutch transport methods. It also could further enhance Dutch trade with France—which is fast becoming the granary of Europe to the detriment of U.S. trade.

Initiator of the experiment is the CEHAVE cooperative, which with an annual feed production of 1.2 million metric tons, is the largest mixed feed plant in Europe. Since mid-January, the cooperative has been moving more and more of its purchases from France by special trains. (A small percentage is also moved by truck.)

Officials of the cooperative have been well pleased with the results and predict that an increasing share of the cooperative's 400,000 metric tons of feedgrains imported from France will be delivered by rail.

In contrast to the United States where rail transport has long been important, waterways still provide the major avenue for French grain shipments to the Netherlands, moving close to 2 million tons in 1972. Rail transport thus represents a major reorientation for the CEHAVE cooperative in the area of raw material supplies—a move that its officials indicate is needed as traffic on the inland waterways becomes more congested. Overcrowded highways were also seen as a growing disadvantage for truck transport.

It is anticipated that this growing traffic, plus higher labor and feed costs, will make rail transport more advantageous in the future. The drawback with barge transportation reportedly is the difficulty of precise scheduling, plus greater amounts of time needed for loading and discharging. In addition, it has been suggested that barging makes the cooperative too dependent on waterside facilities for the best long-run interest of an efficiently operated plant.

The cooperative's new operation has been entrusted to Societe de Transports Internationaux en Vrac (STIV), a transport pool for bulk rail shipments. STIV is registered in Luxembourg with 445 railway cars. Some 370 of these are for grain and the remainder for fertilizer. Half of STIV's fleet is registered in France, the remainder divided equally between Belgium and West Germany. While none is registered in the Netherlands, STIV works closely with Dutch railways.

A typical train consists of 26 wagon cars, each with a carrying capacity of 60 metric tons of grain. Delivery time to the cooperative's mixed feed plant in the Province of Brabant is reportedly 36 hours to the minute once the train has set off from Chalon sur Marne with its cargo of lucerne pellets or bulk grain. The first rail consignment of lucerne pellets was discharged at the rate of 120 metric tons per hour.

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